CITY OF PENTICTON

2015 Financial Statements

For the year ended Dec 31, 2015

penticton.ca

CHIEF FINANCIAL OFFICER'S REPORT

May 21, 2016

Your Worship and Members of Council:

I am pleased to submit the City of Penticton's 2015 Annual Financial Report for the year ended December 31, 2015, as required by Sections 98 and 167 of the Community Charter. The report includes the Auditor's Report, the 2015 audited financial statements and supplementary information for the City of Penticton. The financial statements for the year ended December 31, 2015 were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Management is responsible for implementing and maintaining a system of internal controls to ensure that reliable financial statements and schedules are prepared, and that these statements are consistent with other reporting requirements as part of the Financial Information Act. These statements were audited by BDO Canada LLP, and their responsibility was to express an opinion based on the results of the audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement. The statements are reviewed to ensure they are comprehensive, reliable and understandable. Once again, the City's general operations came in virtually on budget, with a small surplus of $73,000 on an expenditures budget of $73.9 million. As a result the City's financial position represented by its reserves ended the year marginally up at $5.21 million.

Operations in 2015 continued well in line with budget, meeting expectations of fiscal accountability and exhibiting core corporate values in the development of a sustainable City where services are delivered efficiently and effectively. Significantly along these lines in 2015 the City re-wrote its Purchasing Policy, incorporating not only provisions that realistically reflect today's challenges in achieving maximum value for money with maximum security and efficiency, but also provisions addressing operational requirements that ensure procurement processes that will maximize accountability and transparency to the taxpayers of the City.

The City has also started for the first time putting in place a formal Risk Management Policy. For a local government the area of risk management is hugely complex, from financial risk to litigation risk to facilities and infrastructure risk to the safety of its citizenry. While much of the operation of a Risk Management Policy rarely makes headlines or even comes to the attention of the citizenry at large, the formalization of the provisions in the policy will safeguard the resources of the City for decades to come, ensuring those resources will be available to maximum effect for the taxpayers who funded those resources.

As I commented on in my report from the prior year, the issue of aging infrastructure has featured large as a future operating and financial challenge to be met. As far back as 2007 the Federation of Canadian Municipalities reported on the looming collapse of Canada's Municipal Infrastructure. Caught in a fiscal squeeze caused by growing responsibilities related to ever older infrastructure in the face of reduced revenues from senior levels of government, Canadian municipalities have skillfully managed a balance between infrastructure demands, delivery of service, and risk. The issue is quickly reaching a point at which we will no longer be able to continue as we have with the re-allocation techniques we have been using. Furthermore, senior levels of government have made it clear that in the absence of formal asset management plans, even the reduced levels of infrastructure funding is unlikely to be available. To that end the City has embarked and is well under way with a program for the development of asset management plans, tools, and policies including the development of formal revenue and budgeting policies to ensure that future infrastructure demands are not only quantified but planned for.

Finally your Worship, the Annual Report provides an opportunity to communicate with stakeholders on the City of Penticton's financial performance, along with related information on projects and financial strategies with the continuing focus on current economic conditions and long-term strategic planning.

Respectfully submitted,

Colin Fisher, CPA CGA
Chief Financial Officer

CITY OF Penticton

BDO

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Independent Auditor's Report

To the Mayor and Council of
The Corporation of the City of Penticton

We have audited the accompanying consolidated financial statements of The Corporation of the City of Penticton, which comprises the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Penticton as at December 31, 2015 and the results of its operations, change in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Penticton, British Columbia
May 2, 2016

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	2015	2014
Financial Assets		
Cash	$ 3,000,964	$ 8,975,064
Term Deposits (Note 1)	71,962,120	66,415,650
Accounts Receivable (Note 2)	8,465,474	10,406,035
	83,428,558	85,796,749
Financial Liabilities		
Development Cost Charges (Note 3)	8,015,262	8,172,499
Accounts Payable and Accrued Liabilities	14,504,846	14,401,633
Deferred Revenue	4,462,803	4,088,062
Deposits	1,919,634	2,063,740
Penticton Public Library	45,255	59,145
Long Term Debt (Note 8)	48,914,779	54,718,870
	77,862,579	83,503,949
Net Assets	$ 5,565,979	$ 2,292,800
Non-Financial Assets		
Tangible Capital Assets (Note 9)	$316,961,009	$315,332,726
Inventory	2,661,509	3,092,431
Prepaid Expenses	664,729	602,245
	320,287,247	319,027,402
Accumulated Surplus	$325,853,226	$321,320,202

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015

	2015 Budget	2015	2014
Revenue			
Taxation	$ 28,081,515	$ 28,436,350	$ 27,700,949
Sales of Services	59,759,610	60,111,724	56,448,964
Government Grants and Transfers	2,218,000	2,434,334	1,984,730
Other Revenue	9,254,804	11,318,327	14,676,482
Other Contributions	1,479,758	2,100,306	910,865
Gain (loss) on Disposal	30,000	(128,039)	137,810
Contributed Asset	-	-	5,234,621
	100,823,687	104,273,002	107,094,421
Expenditure (Note 10)			
General Government	8,530,026	15,164,190	16,152,501
Protective Services	13,953,159	14,067,977	13,190,941
Transportation Services	5,716,683	8,350,559	8,634,158
Environmental Health Services	1,427,437	1,446,528	1,275,283
Public Health and Safety	179,748	200,996	156,844
Environmental Development Services	2,899,700	3,168,590	2,424,837
Recreation and Culture	10,724,305	11,853,069	11,688,887
Electrical Supply	30,301,680	36,204,608	30,246,792
Sewer System Utility	3,234,318	5,120,687	4,546,820
Water Utility Services	3,162,134	4,162,774	4,835,523
	80,129,190	99,739,978	93,152,586
Annual Surplus	20,694,497	4,533,024	13,941,835
Accumulated Surplus, Beginning of Year	321,320,202	321,320,202	307,378,367
Accumulated Surplus, End of Year	$342,014,699	$325,853,226	$321,320,202

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS (DEBT)
YEAR ENDED DECEMBER 31, 2015

	2015	2014
Annual surplus	$ 4,533,024	$ 13,941,835
Acquisition of Tangible Capital Assets (Note 9)	(16,588,012)	(9,077,319)
Amortization (Note 9)	12,976,306	13,123,405
Net Disposal of Tangible Capital Assets (Note 9)	231,121	65,479
Contributed Tangible Capital Assets (Note 9)	-	(5,234,621)
Asset reclassification (Note 9)	1,752,302	(1,124,580)
	2,904,741	11,694,199
Change in Prepaid Expenses	(62,484)	249,676
Consumption of Supplies Inventories	430,922	(105,170)
	368,438	144,506
Decrease in Net Debt	3,273,179	11,838,705
Net Asset (Debt), Beginning of Year	2,292,800	(9,545,905)
Net Assets, End of Year	$ 5,565,979	$ 2,292,800

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	2015	2014
Operating Transactions		
Annual Surplus	$ 4,533,024	$ 13,941,835
Change in Non-Cash Operating Items		
(Increase) decrease in Accounts Receivable	1,940,561	(912,997)
Increase in Trade Accounts Payable and Accrued Liabilities	162,721	3,251,827
(Increase) decrease in Prepaid Expenses	(62,484)	249,674
(Increase) decrease in Inventory	430,922	(105,170)
Net Disposal of Tangible Capital Assets	231,121	65,479
Amortization	12,976,306	13,123,405
Contributed Tangible Capital Assets	-	(5,234,621)
Decrease in land to Fair Market Value	-	1,197,891
Asset reclassification	1,752,302	75,422
	17,431,449	11,710,910
Cash Provided by Operating Activities	21,964,473	25,652,745
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(16,588,012)	(9,077,319)
Financing Transactions		
Debt Repayment	(5,804,091)	(5,576,394)
Investing Transactions		
(Increase) in Term Deposits	(5,546,470)	(1,533,806)
Change in Cash	(5,974,100)	9,465,226
Cash and Bank Indebtedness, Beginning of Year	8,975,064	(490,162)
Cash, End of Year	$ 3,000,964	$ 8,975,064

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015

Management's Responsibility for the Financial Statements

The consolidated financial statements of the City are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated.

Interfund Balances and Transactions

All material interfund transactions and balances have been eliminated within the Consolidated Financial Statements for the General, Sewer, Water and Electrical funds.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

Revenue Recognition

Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollected amounts.

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Utilities

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established. Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.

Revenue Recognition continued

Fee for Service

Sales of service and other revenue is recognized on an accrual basis.

Financial Instruments

The City's financial instruments consist of cash and term deposits, accounts receivable, accrued interest receivable, Municipal Finance Authority, bank indebtedness, trade accounts payable and accrued liabilities, deposits and long term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Inventory

The City holds consumable inventory which is valued at cost and is disclosed as a non-financial asset.

Tangible Capital Assets

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	50 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 50 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	10 to 20 years
Furniture and Equipment	10 to 20 years
Computer Hardware and Software	4 to 10 years

THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015

Reserve for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds

The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

Use of Estimates

The preparation of consolidated financial statements in accordance with Public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities

The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.

Contaminated Sites

Effective January 1, 2015, the City adopted the new Public Sector Accounting Standard PS3260 Contaminated Sites. The new standard can be applied retroactively or prospectively, and the City has elected to apply it prospectively.

Under PS3260 governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the City accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time where future economic benefit will be given up, therefore no liability was recognized on transition as at January 1, 2015 or at December 31, 2015.

1. Term Deposits

	Amount	Effective Interest Rate (%)	Maturity Date
Valley First Credit	$ 10,000,000	1.75	Jan 11, 2016
Valley First Credit	5,000,000	1.85	May 1, 2016
Valley First Credit	5,000,000	1.60	May 1, 2016
Valley First Credit	5,000,000	1.65	May 17, 2016
Valley First Credit	10,000,000	1.40	Aug 20, 2016
Valley First Credit	10,828,910	1.60	Dec 29, 2016
Municipal Finance Authority	26,133,210	2.47	Dec 31, 2016
	$ 71,962,120		

2. Accounts Receivable

	2015	2014
Property Taxes	$ 1,193,924	$ 1,514,867
Other Receivables	1,803,875	3,056,609
Federal Government	223,911	855,235
Provincial Government	1,248,693	1,164,124
Regional District Okanagan Similkameen	125,039	46,122
Other Government Agencies	77,133	75,810
Utility Rates Receivable	3,354,863	3,484,974
Accrued Interest Receivable	388,661	158,204
Cemetery Trust Fund Receivable	49,375	50,090
	$ 8,465,474	$ 10,406,035

3. Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue.

	2015	2014
DCC by Type		
Roads DCC	$ 737,443	$ 670,706
Parks DCC	240,576	156,915
Drainage DCC	128,338	305,402
Waste Water DCC	4,665,411	4,931,610
Water DCC	2,243,494	2,107,866
	8,015,262	8,172,499
DCC Activity		
Balance, Beginning of Year	8,172,499	7,345,974
Return on Investments	129,018	137,077
DCCs Levied in the Year	531,402	767,754
Transfers to General Operating	(817,657)	(78,306)
	$ 8,015,262	$ 8,172,499

4. Development Cost Charges

In 2010, Council adopted the Development Cost Charge Reduction Bylaw and the companion Economic Incentive Zone Bylaw. The purpose of these bylaws was to spur development in key areas of the City, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provisions to encourage high-end hotel development. These bylaws will reduce the value of development cost charges, building permit fees and municipal taxes received by The City of Penticton for eligible developments.

The DCC reductions and Economic Incentive tax exemption program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2015 $87,183 (2014 - $64,741) of Economic Incentive tax exemptions were granted. In addition, Council approved $69,375 (2014 - $20,500) of DCC reductions in 2015.

5. Pension Liability

The City and its employees contribute to the Municipal Pension Plan (the Plan) a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2014, the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund

5. Pension Liability continued

the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The City of Penticton paid $1,858,197 (2014 - $1,580,149) for employer contributions to the Plan in fiscal 2015.

6. Contingent Liabilities

a. Regional District of Okanagan Similkameen

Under Section 836 of the Local Government Act, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2015, the long term debt of the Regional District aggregated $94,685,222 (2014 - $102,463,791).

b. Legal Actions

As at December 31, 2015, certain legal actions are pending against the City as follows:

1. The City is aware of various liens registered against the City owned properties located at 903-969 Eckhardt Ave W. These liens were filed by various companies engaged by the third party purchaser of the same properties who subsequently defaulted on the purchase. These companies were not paid and they filed liens against the properties. Twelve liens were filed representing claims totaling $2,111,921.90. Since then, and within the one year limitation period under the Builders Lien Act, five lien claimants had started legal actions against various parties, including the City, and filed certificates of pending litigation ("CPL") against the properties. One claimant has subsequently abandoned its lien claim and discontinued its action and another claimant reached a settlement. The remaining three claims remain alive with the value of these lien claims totaling $663,851. It is unknown at this time the likely outcome; however, damages could reach $66,000, which is 10% of the total claims still being advanced.

2. The City of Penticton has been named a party to an action with respect to the City's operation of the Carmi Landfill on lands now owned by the Plaintiff. The Plaintiff alleges that the City is liable for remediation of the contamination and seeks damages for negligence, trespass and nuisance but expected exposure cannot be reasonably estimated at this time. The action has been placed in abeyance while the Plaintiff completes further environmental studies. The amount of the claim is unspecified. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

6. Contingent Liabilities continued

b. Legal Actions continued

3. The City of Penticton has been named a party to an action with respect to a claim filed with the Expropriation Compensation Board claiming constructive expropriation and injurious affection arising from the Campbell Mountain Landfill, and in particular, methane gas emissions from the landfill. The City filed its Statement of Defense in 2000 and the claim has not moved forward for some time. Expected exposure cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

4. The City has been named a party to an action with respect to a claim made for interference with development rights. The Claimant may have a reasonable basis for a claim; however given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

5. That the City has been named a party to an action with respect to a claim made for deficiencies in design and construction. The Claimant may have a reasonable basis for a claim; however given the uncertainty of the amount a liability has not been recognized. Damages could reach in the range of $60,000 to $100,000, which is 10% of the total claims still being advanced.

c. General Contingencies

From time to time there are potential claims against the City for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of $790,127 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the Consolidated Financial Statements but are available to satisfy liabilities arising from non-performance by the depositors.

8. Long Term Debt

Long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2015	2014
Long Term Debt	$ 48,914,779	$ 54,718,870

Principal repayments relating to long term debt of $48,914,779 outstanding are due as follows (in thousands):

	2016	2017	2018	2019	2020	Thereafter
General Fund	$ 3,225	$ 3,226	$ 3,228	$ 3,230	$ 3,230	$ 11,504
Sewer Fund	575	575	575	575	575	9,325
Water Fund	458	458	458	422	422	6,854
	$ 4,258	$ 4,259	$ 4,261	$ 4,227	$ 4,227	$ 27,683

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Municipal Finance Authority into a Sinking Fund. The principal repayments are currently calculated at a rate of 4%. The 2015 earnings in the Sinking Fund were calculated to be $1,453,452 and are included in Other Revenue on the Consolidated Statement of Operations.

9. Tangible Capital Assets

In 2015 the City of Penticton incurred $24,449,090 of Capital Expenditures. The Tangible Capital Asset Policy requires that capital expenditures beneath a specified threshold are not capitalized. The total amount capitalized in accordance with the TCA Policy is $16,588,012 for 2015. The amount of Capital purchases below the TCA threshold that were expensed within the Consolidated Statement of Operations were $7,861,078.

9. Tangible Capital Assets continued

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2015 Total
COST									
Opening Balance	$ 46,866,608	$ 161,832,094	$ 35,392,605	$ 48,980,917	$ 50,796,899	$ 68,634,007	$ 76,934,938	$ 2,397,794	$ 491,835,862
Add: Additions	1,566,450	2,651,897	753,115	1,184,883	2,063,968	3,575,820	3,505,204	1,286,675	16,588,012
Add: Trsf to/from Construction in Progress	-	30,716	243,083	108,663	-	-	57,407	(439,869)	-
Less: Disposals	-	1,248,948	133,728	-	-	66,708	-	-	1,449,384
Re-classification	-	-	-	-	-	-	-	(1,752,302)	(1,752,302)
	48,433,058	163,265,759	36,255,075	50,274,463	52,860,867	72,143,119	80,497,549	1,492,298	505,222,188
ACCUMULATED AMORTIZATION									
Opening Balance	-	58,048,402	22,684,621	7,348,808	17,136,905	30,157,689	41,126,711	-	176,503,136
Add: Amortization	-	4,744,246	1,768,232	1,051,006	589,375	2,157,417	2,666,030	-	12,976,306
Less: Acc Amortization on Disposals	-	1,050,112	127,979	-	-	40,172	-	-	1,218,263
	-	61,742,536	24,324,874	8,399,814	17,726,280	32,274,934	43,792,741	-	188,261,179
Net Book Value for Year Ended Dec. 31, 2015	$ 48,433,058	$ 101,523,223	$ 11,930,201	$ 41,874,649	$ 35,134,587	$ 39,868,185	$ 36,704,808	$ 1,492,298	$ 316,961,009

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2014 Total
COST									
Opening Balance	$ 45,572,390	$ 161,169,949	$ 34,277,444	$ 47,752,271	$ 46,764,884	$ 63,859,999	$ 72,349,026	$ 4,899,005	$ 476,644,968
Add: Additions	81,340	612,443	1,209,634	541,440	879,382	2,335,314	1,317,116	2,100,650	9,077,319
Add: Trsf to/from Construction in Progress	-	49,702	146,346	-	1,424,645	669,418	2,223,452	(4,513,563)	-
Add: Contributed Assets	-	-	-	687,206	1,727,988	1,774,083	1,045,344	-	5,234,621
Less: Disposals	-	-	240,819	-	-	4,807	-	-	245,626
Re-classification to Financial Assets	1,212,878	-	-	-	-	-	-	(88,298)	1,124,580
	46,866,608	161,832,094	35,392,605	48,980,917	50,796,899	68,634,007	76,934,938	2,397,794	491,835,862
ACCUMULATED AMORTIZATION									
Opening Balance	-	53,185,284	20,927,691	6,330,021	16,365,299	27,946,497	38,805,086	-	163,559,878
Add: Amortization	-	4,863,118	1,937,077	1,018,787	771,606	2,211,192	2,321,625	-	13,123,405
Less: Acc Amortization on Disposals	-	-	180,147	-	-	-	-	-	180,147
	-	58,048,402	22,684,621	7,348,808	17,136,905	30,157,689	41,126,711		176,503,136
Net Book Value for Year Ended Dec. 31, 2014	$ 46,866,608	$ 103,783,692	$ 12,707,984	$ 41,632,109	$ 33,659,994	$ 38,476,318	$ 35,808,227	$ 2,397,794	$ 315,332,726

10. Reporting by Object

	2015	2014
Salaries and Benefits	$ 21,661,771	$ 21,416,675
Goods and Services	48,778,024	40,710,002
Interest	3,929,931	4,041,565
Amortization	12,976,306	13,123,406
Other Expenses	3,039,241	4,482,074
Vehicle & Equipment Maintenance	2,853,906	3,300,151
Policing Agreement	6,500,799	6,078,713
	$ 99,739,978	$ 93,152,586

11. Credit Facilities

a. Line of Credit

The City holds a $5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime and is secured by the Revenue Anticipation Borrowing Bylaw 2011 No. 5003.

As of December 31, 2015 there was no balance outstanding.

b. Bank Indebtedness

The City holds a $4,030,000 EFT limit.

12. Municipal Finance Authority

Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2015 the Debt Reserve Fund demand note requirements were $3,399,305 (2014 - $3,534,669). In addition, cash deposits totaling $1,161,102 (2014 - $1,213,845) were held by the MFA.

13. Budget

The Financial Plan (Budget) Bylaw No. 2015-08 adopted by Council on February 2, 2015 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council with adjustments as follows:

	2015
Financial Plan (Budget) Bylaw surplus for the year	$ -
Add:	
Transfer to Funds/Reserves	19,735,713
Debt Principal Repayments	4,378,032
Budgeted Capital Expenditures	20,037,038
Less:	
Budgeted Transfers from Surplus	23,456,286
Budget Surplus per Statement of Operations	$ 20,694,497

14. Transfers From Other Governments

	2015	2014
Gas tax community works fund	$ 1,392,510	$ 1,392,510
Traffic fine revenue sharing	458,557	314,454
Okanagan Basin Water Board grants	219,201	236,073
The Freshwater Fisheries	170,000	-
BC Arts Council	20,000	20,000
Miscellaneous	174,066	21,693
	$ 2,434,334	$ 1,984,730

15. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

16. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to a specific segment.

Protective Services

Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services

Transportation is responsible for providing the City's transit services.

Environmental Health Services

Environmental services consists of providing waste disposal to citizens.

Public Health and Safety

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Environmental Development Services

This segment includes city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture

This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts.

Electrical Supply

This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer System Utility

This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

16. Segmented Information continued

Water Utility Services

This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2015

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2015 Total
REVENUE											
Taxation	$ 27,060,066	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,376,284	$ -	$ 28,436,350
Sales of Services	2,579,749	921,649	1,184,787	2,462,443	279,413	87,264	1,970,316	39,268,074	4,415,792	6,942,237	60,111,724
Government Grants and Transfers	1,949,633	-	170,000	-	-	1,000	94,500	-	219,201	-	2,434,334
Other Revenue	10,900,018	16,106	-	-	-	18,950	369,507	13,746	-	-	11,318,327
Other Contributions	98,306	-	1,437,975	-	-	-	-	336,362	47,606	180,057	2,100,306
Gain (loss) on Disposal	(183,419)	-	81,917	-	-	-	-	(26,537)	-	-	(128,039)
	42,404,353	937,755	2,874,679	2,462,443	279,413	107,214	2,434,323	39,591,645	6,058,883	7,122,294	104,273,002
EXPENDITURE											
Salaries and Benefits	4,213,830	6,348,559	1,272,559	48,474	25,414	1,065,242	4,274,345	1,684,633	1,323,135	1,405,580	21,661,771
Goods and Services	2,982,465	781,396	2,973,131	1,396,100	172,177	1,562,927	3,894,810	32,040,038	1,666,977	1,308,003	48,778,024
Interest	(47,273)	84,000	174,478	-	-	-	2,253,422	-	767,614	697,690	3,929,931
Amortization	6,512,478	-	2,666,030	-	-	-	-	2,157,417	1,051,006	589,375	12,976,306
Other Expenses	1,234,456	48,370	13,425	424	13	538,282	1,048,968	154,607	-	696	3,039,241
Vehicle & Equipment Maintenance	268,234	304,853	1,250,936	1,530	3,392	2,139	381,524	167,913	311,955	161,430	2,853,906
Policing Agreement	-	6,500,799	-	-	-	-	-	-	-	-	6,500,799
	15,164,190	14,067,977	8,350,559	1,446,528	200,996	3,168,590	11,853,069	36,204,608	5,120,687	4,162,774	99,739,978
Excess (Deficiency) of Revenues Over Expenditures	$ 27,240,163	$(13,130,222)	$ (5,475,880)	$ 1,015,915	$ 78,417	$ (3,061,376)	$ (9,418,746)	$ 3,387,037	$ 938,196	$ 2,959,520	$ 4,533,024

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2014

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2014 Total
REVENUE											
Taxation	$ 26,311,202	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,389,747	$ -	$ 27,700,949
Sales of Services	1,999,898	1,022,469	1,135,883	2,287,988	267,729	107,697	2,029,770	36,562,998	4,188,636	6,845,896	56,448,964
Government Grants and Transfers	1,728,657	-	-	-	-	-	20,000	-	236,073	-	1,984,730
Other Revenue	11,115,083	-	-	-	-	405,364	4,950	-	-	3,151,085	14,676,482
Other Contributions	158,306	-	296,423	-	-	-	8,265	354,574	18,052	75,245	910,865
Gain (loss) on Disposal	34,219	-	103,591	-	-	-	-	-	-	-	137,810
Contributed Asset	5,234,621	-	-	-	-	-	-	-	-	-	5,234,621
	46,581,986	1,022,469	1,535,897	2,287,988	267,729	513,061	2,062,985	36,917,572	5,832,508	10,072,226	107,094,421
EXPENDITURE											
Salaries and Benefits	4,227,819	6,209,940	1,200,767	15,560	20,857	916,685	4,271,409	1,880,696	1,293,073	1,379,869	21,416,675
Goods and Services	2,281,757	653,241	2,644,630	1,257,765	134,456	1,017,632	3,663,147	25,932,021	1,154,934	1,970,419	40,710,002
Interest	(45,334)	112,875	188,893	-	-	-	2,322,710	-	769,506	692,915	4,041,565
Amortization	6,417,228	-	3,023,397	-	-	-	-	2,211,192	900,869	570,720	13,123,406
Other Expenses	1,723,498	49,772	837	-	-	487,836	1,022,240	-	-	-	3,284,183
Vehicle & Equipment Maintenance	349,642	86,400	1,575,634	1,958	1,531	2,684	409,381	222,883	428,438	221,600	3,300,151
Policing Agreement	-	6,078,713	-	-	-	-	-	-	-	-	6,078,713
Write down of assets	1,197,891	-	-	-	-	-	-	-	-	-	1,197,891
	16,152,501	13,190,941	8,634,158	1,275,283	156,844	2,424,837	11,688,887	30,246,792	4,546,820	4,835,523	93,152,586
Excess (Deficiency) of Revenues Over Expenditures	$ 30,429,485	$(12,168,472)	$ (7,098,261)	$ 1,012,705	$ 110,885	$ (1,911,776)	$ (9,625,902)	$ 6,670,780	$ 1,285,688	$ 5,236,703	$ 13,941,835

See accompanying notes to the Consolidated Financial Statements.

BDO

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Independent Auditor's Comments on Supplementary Information

To the Mayor and Council of
The Corporation of the City of Penticton

We have audited the consolidated financial statements of The Corporation of the City of Penticton, which comprise the consolidated statement of financial position as at December 31, 2015 and consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued our report thereon dated May 2, 2016. This report contained an unmodified opinion on the consolidated financial statements as a whole. The following supplemental financial information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

BDO Canada LLP

Chartered Professional Accountants

Penticton, British Columbia
May 2, 2016

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THE CITY OF PENTICTON
GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	2015 Budget	2015	2014
Revenue			
Taxation	$ 26,733,315	$ 27,060,066	$ 26,311,202
Sales of Services	15,470,587	14,020,575	13,429,702
Government Grants and Transfers	2,039,000	2,215,133	1,748,657
Transfer From Other Funds/Reserves	225,774	6,148,738	6,546,208
Other Revenue	9,254,804	11,304,581	11,371,924
Other Contributions	98,306	1,536,281	462,994
Sale of Assets	30,000	(101,502)	138,801
Collections For other Governments	20,143,400	20,512,044	20,143,314
	73,995,186	82,695,916	80,152,802
Expenditure			
Salaries and Benefits	14,095,572	17,800,006	17,469,424
Goods and Services	13,758,477	14,590,378	12,562,210
Interest	2,555,647	2,464,627	2,579,144
Principal Payments	3,223,575	3,226,442	3,224,838
Other Expenses	3,650,030	2,883,937	3,284,184
Vehicle & Equipment Maintenance	2,561,887	2,212,607	2,427,230
Policing Agreement	6,809,444	6,500,799	6,078,713
Transfer to Other Funds/Reserves	7,796,628	12,445,249	11,255,192
Transfers to Other Governments	20,143,400	20,498,735	20,146,542
Write down of assets	-	-	1,197,891
	74,594,660	82,622,780	80,225,368
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(599,474)	73,136	(72,566)
CHANGE IN FUND BALANCES	(599,474)	73,136	(72,566)
FUND BALANCES, BEGINNING OF YEAR	5,140,100	5,140,100	5,212,666
FUND BALANCES, END OF YEAR	$ 4,540,626	$ 5,213,236	$ 5,140,100

THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	2015	2014
Balance, Beginning of Year	$ 15,312,112	$ 14,095,199
Add		
Transfers from:		
Revenue Funds	2,256,938	2,673,904
Interest Earned	215,400	237,059
Deduct		
Transfers to:		
Capital Funds	5,247,643	1,694,050
Revenue Funds	62,607	-
	$12,474,200	$ 15,312,112
STATUTORY RESERVE FUND BALANCES		
Equipment Replacement Reserve Fund	3,108,609	2,924,821
Tax Sale Lands Reserve Fund	7,360	7,243
Capital Reserve Fund	2,023,783	3,573,264
Local Improvement	1,420,502	1,658,109
Water Capital Reserve Fund	880,824	866,867
Sewer Capital Reserve Fund	528,833	520,454
Electric Capital Reserve Fund	988,523	972,860
Off-Site Parking Reserve Fund	119,277	117,387
Community Works Reserve Fund	3,142,551	4,374,459
Amenity Density Reserve	238,313	296,648
Alternative Transportation Reserve	15,625	-
Balance, End of Year	**$12,474,200**	$ 15,312,112

THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	Equipment Replacement	Tax Sale Lands	Capital	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	Amenity Density	Community Works	Alternative Transportation	2015 Total	2014 Total
BALANCE, BEGINNING OF YEAR	$ 2,924,821	$ 7,243	$ 3,573,264	$ 1,658,109	$ 520,454	$ 866,867	$ 972,860	$ 117,387	$ 296,648	$ 4,374,459	$ -	$ 15,312,112	$ 14,095,199
ADD													
Transfers from:													
General Revenue Fund	665,205	-	20,475	155,248	-	-	-	-	-	1,392,510	23,500	2,256,938	2,673,904
Interest Earned	48,181	117	45,217	17,570	8,379	13,957	15,663	1,890	4,272	60,029	125	215,400	237,059
	713,386	**117**	**65,692**	**172,818**	**8,379**	**13,957**	**15,663**	**1,890**	**4,272**	**1,452,539**	**23,625**	**2,472,338**	**2,910,963**
DEDUCT													
Transfers to:													
General Capital Fund	529,598	-	1,615,173	374,075	-	-	-	-	-	2,684,447	8,000	5,211,293	1,616,750
Sewer Capital Fund	-	-	-	36,350	-	-	-	-	-	-	-	36,350	77,300
General Revenue Fund	-	-	-	-	-	-	-	-	62,607	-	-	62,607	-
	529,598	**-**	**1,615,173**	**410,425**	**-**	**-**	**-**	**-**	**62,607**	**2,684,447**	**8,000**	**5,310,250**	**1,694,050**
BALANCE, END OF YEAR	**$ 3,108,609**	**$ 7,360**	**$ 2,023,783**	**$ 1,420,502**	**$ 528,833**	**$ 880,824**	**$ 988,523**	**$ 119,277**	**$ 238,313**	**$ 3,142,551**	**$ 15,625**	**$ 12,474,200**	**$ 15,312,112**

THE CITY OF PENTICTON
SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	2015 Budget	2015	2014
Revenue			
Taxation	$ 1,348,200	$ 1,376,284	$ 1,389,747
Sales of Services	4,221,526	4,415,792	4,188,636
Government Grants and Transfers	219,000	219,201	236,073
Transfer From Other Funds/Reserves	-	4,907,995	941,450
	5,788,726	10,919,272	6,755,906
Expenditure			
Salaries and Benefits	1,086,058	1,323,135	1,293,073
Goods and Services	1,596,190	2,081,738	1,537,735
Interest	773,830	767,614	769,506
Principal Payments	575,057	575,057	575,057
Vehicle & Equipment Maintenance	193,000	311,955	428,438
Transfer to Other Funds/Reserves	-	6,538,959	4,692,226
	4,224,135	11,598,458	9,296,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,564,591	(679,186)	(2,540,129)
CHANGE IN FUND BALANCES	1,564,591	(679,186)	(2,540,129)
FUND BALANCES, BEGINNING OF YEAR	6,221,862	6,221,862	8,761,991
FUND BALANCES, END OF YEAR	$ 7,786,453	$ 5,542,676	$ 6,221,862

THE CITY OF PENTICTON
WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	2015 Budget	2015	2014
Revenue			
Sales of Services	$ 6,390,569	$ 6,942,237	$ 6,845,896
Transfer From Other Funds/Reserves	144,000	1,138,368	621,523
Other Revenue	-	-	3,151,085
	6,534,569	8,080,605	10,618,504
Expenditure			
Salaries and Benefits	947,260	1,405,580	1,379,868
Goods and Services	2,173,791	1,810,541	2,436,120
Interest	759,450	697,690	692,915
Principal Payments	579,400	549,141	549,141
Vehicle & Equipment Maintenance	266,500	161,429	221,600
Transfer to Other Funds/Reserves	1,790,578	4,307,574	5,205,563
	6,516,979	8,931,955	10,485,207
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,590	(851,350)	133,297
CHANGE IN FUND BALANCES	17,590	(851,350)	133,297
FUND BALANCES, BEGINNING OF YEAR	2,113,280	2,113,280	1,979,983
FUND BALANCES, END OF YEAR	$ 2,130,870	$ 1,261,930	$ 2,113,280

THE CITY OF PENTICTON
ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	2015 Budget	2015	2014
Revenue			
Sales of Services	$ 37,734,240	$ 39,268,074	$ 36,562,998
Other Revenue	-	13,746	-
Transfer From Other Funds/Reserves	-	6,676,682	5,878,707
	37,734,240	45,958,502	42,441,705
Expenditure			
Salaries and Benefits	1,568,564	1,684,633	1,880,696
Goods and Services	30,814,718	34,278,742	28,145,822
Vehicle & Equipment Maintenance	157,102	167,913	222,883
Transfer to Other Funds/Reserves	8,589,258	9,866,982	9,055,107
	41,129,642	45,998,270	39,304,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,395,402)	(39,768)	3,137,197
CHANGE IN FUND BALANCES	(3,395,402)	(39,768)	3,137,197
FUND BALANCES, BEGINNING OF YEAR	10,186,168	10,186,168	7,048,971
FUND BALANCES, END OF YEAR	$ 6,790,766	$ 10,146,400	$ 10,186,168

THE CITY OF PENTICTON
DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2015
(UNAUDITED)

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2015 Payments	
										Interest	Principal
General Fund											
9925	20005	72	12-Apr-00	RCMP Building	$ 2,500,000	$ 857,683	20	2020	2.100	$ 52,500	$ 82,873
9925	20046	73	07-Nov-00	RCMP Building	1,500,000	514,610	20	2020	2.100	31,500	49,725
2003-15	2268	81	22-Apr-04	Storm Sewer	337,500	192,493	20	2024	2.400	8,100	10,207
2004-16	859-2004	85	25-Oct-04	Parks-Land Acquisition	1,680,000	958,188	20	2024	2.000	33,600	50,808
2004-18	859/2004	85	25-Oct-04	Road Works-S. Main St.	195,000	111,218	20	2024	2.000	3,900	5,897
2004-19	859/2004	85	25-Oct-04	Road Design-Main St.	150,000	85,552	20	2024	2.000	3,000	4,536
2004-20	859/2004	85	25-Oct-04	Integrated Waterfront	550,000	313,693	20	2024	2.000	11,000	16,633
2004-21	859/2004	85	25-Oct-04	Youth Park	50,000	28,518	20	2024	2.000	1,000	1,512
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	800,000	450,096	20	2025	5.100	23,952	39,086
2004-20	1108-2004	93	06-Apr-05	Integrated Waterfront	520,000	292,563	20	2025	5.100	15,569	25,406
2004-21	614/2005	95	13-Oct-05	Youth Park	150,000	89,522	20	2025	4.170	6,255	5,037
2004-18	615/2005	95	13-Oct-05	Integrated Waterfront	825,000	492,372	20	2025	4.170	34,403	27,705
2006-15	17/17/2006	99	07-Nov-06	Road Works-Fairview/Ind	1,595,000	1,028,155	20	2026	4.430	70,659	53,563
2006-17	17/17/2006	99	07-Nov-06	Sportsfields	3,200,000	2,062,756	20	2026	4.430	141,760	107,462
2006-18	273-2007	102	27-Mar-07	Queens Park Site Serv	7,000,000	1,627,769	10	2017	4.820	337,400	583,037
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront '06	350,000	241,700	20	2027	4.820	16,870	11,754
2006-39	273/2007	102	02-Nov-07	S Okanagan Event Ctre	8,000,000	1,860,307	10	2017	4.820	385,600	666,328
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	2,204,284	20	2028	4.650	139,500	100,745
2006-39	333/2008	104	20-Nov-08	S Okanagan Event Cntr	10,000,000	3,421,436	10	2018	5.150	515,000	832,909
2007-41	333/2008	104	20-Nov-08	Cemetery-Columbarium	2,500,000	1,836,904	20	2028	5.150	128,750	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	734,761	20	2028	5.150	51,500	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	389,424	20	2028	5.150	27,295	17,798
2007-60	333/2008	104	20-Nov-08	PIDA	1,140,000	390,044	10	2018	5.150	58,710	94,952
2007-60	157-2009	105	21-Apr-09	PIDA	231,344	103,534	10	2019	4.900	11,336	19,269
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	322,560	20	2029	4.130	17,140	13,936
2007-52	15/30/2010	110	08-Apr-10	Indoor Soccer Ph2	586,000	479,413	20	2030	4.500	26,370	19,679
2009-14	15/30/2010	110	08-Apr-10	Pool Upgrades	7,400,000	6,054,017	20	2030	4.500	333,000	248,505
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	115,748	20	2031	4.200	5,670	4,534
2009-43	B25/2011	116	04-Apr-11	Road Wrks-Smythe Dr	447,000	383,256	20	2031	4.200	18,774	15,011
					56,786,844	27,642,576				2,510,113	3,226,443

THE CITY OF PENTICTON
DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2015
(UNAUDITED)

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2015 Payments	
										Interest	Principal
Water Fund											
92110	9542	61	01-Dec-95	Water Treatment Plant	3,000,000	-	20	2015	4.000	90,000	90,728
92110	96-08	63	01-Jun-96	Water Treatment Plant	1,200,000	91,706	20	2016	3.000	36,000	36,291
2006-07	17/07/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	3,010,334	20	2026	4.430	206,881	156,827
2007-86	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	2,939,046	20	2028	5.150	206,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	3,031,287	20	2029	4.130	161,070	130,969
					16,770,000	9,072,373				699,951	549,142
Sewer Fund											
2006-61	273/2007	102	02-Nov-07	Septage Handling Facility	1,050,000	725,099	20	2027	4.820	50,610	35,261
2008-10	333-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	5,878,092	20	2028	5.150	412,000	268,654
2007-60	333/2008	104	20-Nov-08	PIDA	360,000	123,172	10	2018	5.150	18,540	29,985
2007-60	157/2009	105	21-Apr-09	PIDA	73,056	32,695	10	2018	4.900	3,580	6,085
2008-10	638-2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	5,440,772	20	2029	4.130	289,100	235,072
					16,483,056	12,199,830				773,830	575,057
					$ 90,039,900	$ 48,914,779				$ 3,983,894	$ 4,350,642

THE CITY OF PENTICTON
CEMETARY PERPETUAL TRUST FUND
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	2015	2014
ASSETS		
Bank Term Deposits	$ 971,154	$ 953,983
Less:		
Due To General Revenue Fund	49,375	50,090
	$ 921,779	$ 903,893
SURPLUS		
Balance, Beginning of Year	$ 903,893	$ 893,940
Add:		
Care Fund Contributions	30,686	22,430
Interest Earned	17,200	17,523
	47,886	39,953
Deduct:		
Cemetary Maintenance	30,000	30,000
Balance, End of Year	$ 921,779	$ 903,893

PERMISSIVE TAX EXEMPTIONS

Applicant	Estimated 2015 Tax Exemption
Affordable Living for Today Society	$3,269
Army, Navy & Air Force Veterans in Canada, Unit 97	$1,495
Care Closet	$1,815
Cheers the Church	$5,451
Christian Science Society	$1,060
Church of Jesus Christ of Latter Day Saints	$5,134
Church of the Nazarene	$2,856
Concordia Lutheran Church	$4,775
Fraternal Order of Eagles Aerie 4281	$3,023
Good Samaritan Canada	$54,415
Governing Council of the Salvation Army Corps 344	$19,110
Grace Mennonite Brethren Church	$1,527
Green Mountain Christian Congregation of Jehovah's Witnesses	$3,294
Hellenic Community Society of Penticton	$1,292
Holy Cross School	$3,147
LUSO Canadian Multicultural Society	$2,063
Oasis United Church	$12,470
Okanagan Boys & Girls Club	$4,628
Ooknakane Friendship Centre	$4,433
Our Redeemer Lutheran Church	$1,586
Penticton & District Community Arts Council	$9,591
Penticton & District Community Resource Society	$21,921
Penticton & District Emergency Program Society	$1,135
Penticton & District Minor Hockey Association	$1,443
Penticton & District Society for Community Living	$29,686
Penticton Alliance Church	$3,741
Penticton Art Gallery	$16,980
Penticton Bethel Pentecostal Tabernacle	$11,623
Penticton Community Garden Society	$1,802
Penticton Curling Club	$7,432
Penticton Early Childhood Education Society	$1,400
Penticton Elks Lodge 51	$2,740
Penticton First Baptist Church	$4,877
Penticton Free Presbyterian Church	$2,647
Penticton Golf & Country Club	$22,716
Penticton Kinsmen Disability Resource Society	$6,257
Penticton Lawn Bowling Club	$4,733
Penticton Masonic Building Association	$1,783
Penticton New Beginnings Christian Fellowship	$2,772
Penticton Safety Village	$4,015
Penticton Seniors Drop-In Centre	$7,793
Penticton Sikh Temple & Indian Cultural Society	$4,225
Penticton Tennis Club	$67
Penticton United Church	$2,984
Penticton Vineyard Community Church	$9,766
Roman Catholic Bishop of Nelson (St. Anne's)	$5,713
Roman Catholic Bishop of Nelson for Birthright of Penticton	$1,334
Roman Catholic Bishop of Nelson for Penticton Recovery Resource Society	$1,819
Royal Canadian Legion #40	$2,441
Seventh-day Adventist Church	$4,160
South Okanagan Similkameen Brain Injury Society	$3,689
South Okanagan Similkameen Branch of the BCSPCA	$11,975
South Okanagan Similkameen Medical Foundation	$7,124
South Okanagan Women in Need Society	$2,784
SS Sicamous Restoration Society	$16,120
St. Andrew's Presbyterian Church	$3,321
St. John Vianney Church	$2,605
St. Saviour's Anglican Church	$4,327
Victory Church of Penticton	$1,662
Total	$390,047

Revitalization Tax Exemptions

Recipient	2015 Actual
Ho's Enterprises Ltd	2,582
Wabrako Holdings Ltd.	3,241
Muller Nystrom Holdings Ltd.	4,468
Wiseworth Holdings Ltd.	2,995
Nor-Mar Industries Ltd.	11,536
Churchill Iron Plaza Penticton Inc.	39,103
TSL Conaill Holdings Ltd.	3,518
Inland Kenworth Ltd.	1,729
Adams Rod & Custom Inc.	2,872
0981925 BC Ltd.	4,429
John Vassilaki	1,841
McTaft Properties Ltd.	2,629
Penticton Foundry Ltd.	6,239
	87,183